

MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Agency Relations with News Media

REFERENCES : (a) Memo fr EO-DD/S dtd 24 Jan 64,
Same Subject
(b) Exec Memo No. 121 dtd 16 Jan 64,
Same Subject

1. As you know various components of the Office of Finance are engaged in official business with other government agencies, banks, financial institutions, and industrial firms. I think we can assume that the most recent incident referred to has impaired the Agency image with these associates since it has been our constant effort to emphasize the necessity of Agency obscurity and the recent incident referred to certainly could leave the impression that this has been overdone or was at least not as important as we have attempted to constantly stress. Nevertheless despite this feeling I am not able to sight a single specific incident where any of our associates have made any statements or remarks which would definitely support our suspicions. I can definitely state, however, that I and some of my colleagues have experienced criticisms from our social set with respect to this incident which have been to the point generally that they were dissappointed to think that CIA would feel it necessary to try to improve their image to the public since they, the public, had learned to accept, after several years of education, that an intelligence agency was expected to accept the blame for failures, never brag about accomplishments and remain anonymous individually!

2. On this point I would therefore in summary say that I do not believe our office has been materially affected but that generally the image of CIA has been impaired.

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3. With regard to paragraph 5 of Ref B I have the following comments:

a. The image of CIA over the last ten years has changed in the public eye from strictly a collector and evaluator of intelligence to the Agency of the Government primarily involved in cold war activities. Most of the public understand this to include guerilla warfare, overthrow of governments through revolutions or coups, sabotage, propaganda campaigns, political warfare, and economic warfare. The newspapers, magazines, radio, television programs, etc. have done a good job of exposing this as being factual and in my opinion nothing can change this image unless drastic changes in the agency missions are actually effected and publicized just as strongly as the present image of CIA has been publicized.

b. In considering this, however, one must seriously contemplate the reasons why CIA has become the cold war action agency and what would be necessary to change to some other arrangement. Certainly the reasons for CIA assuming the cold war role are known to most of us. In order to perform the PM and PP activities certain broad legal authorities must exist which are at present only available to CIA. Also, we must face the fact that there must always be an agency on which failures of international political import can be blamed for not adhering to ostensible national or international policy.

c. If it is important to the Director of CIA and/or the administration that the image of the Agency be one of only a collector and evaluator of intelligence then the other functions should be removed. However, they would have to be established in another agency, either a "cold war" agency recognized as such, or the Defense Department. In either event any such arrangement will be known to the public and the congress will have to provide the legal authorities to whatever agency is so designated.

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d. In the final analysis I don't see that this will accomplish anything more Government wise than the present arrangement. As a matter of fact implementation of such a change would probably be wrought with confusion and there would be a period of considerable inefficiency and ineptness.

4. In general, therefore, it is my feeling that the Agency should continue to be the cold war agency, but that at all times we should avoid publicly surfacing our mission or attempting to defend failures attributed to us. It is also important that we listen rather than talk and in every way possible stress that our primary mission (whether it is or isn't) is to collect and evaluate intelligence.

5. The above comments are in response to the general question posed in reference memoranda. I would however like to elaborate further on one particular aspect of the CIA Image in which the Office of Finance has a particular interest. I refer to recent press and magazine articles which depict or infer that CIA's fiscal management is irresponsible. It has been frequently pointed out in such articles that the CIA has huge sums of secret funds which are expended for purposes about which the taxpayer knows nothing, and that such expenditures are not subject to the normal external control, review, and audit which attend the expenditure of the taxpayers money by other U. S. Government departments. It has sometimes been stated, hinted, or inferred in some of these articles, as well as through word of mouth "gossip", that this lack of control and review permits CIA to squander public resources on ill conceived and unnecessary programs, to administer its activities in a sloppy and dilatory manner, and to grant special privileges, benefits or favors to its staff.

6. Although grossly distorted such articles or gossip can have a serious adverse effect upon the public's impression of CIA. Up to this time the adverse effect of such articles has been blunted because they consist of generally vague, and sometimes wild, accusations or allegations, unsupported by concrete example or proof. Needless to say, such stories would have a devastating effect upon the CIA Image, if they could be supported by concrete provable examples. It is therefore important that the Agency redouble its efforts to insure that its resources are expended and accounted for in such manner that no

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recurring provable examples of improper use of official funds can ever be cited to support these allegations of mismanagement.

7. One area in which the Agency must maintain constant vigilance is with respect to the rights, privileges or benefits granted its employees. Nothing would so damage the Agency's "Image" as a responsible manager of resources as the use of the Agency's secret funds authority to grant undeserved privileges, benefits, or favors to its employees. For example if the Agency should grant its overseas employees fringe benefits such as automobiles, housing, furniture, travel and entertainment expenses, etc., which are conspicuously greater than those afforded to employees of other U. S. Government Agencies serving under similar conditions, this could not help but attract the attention of and cause comment and speculation by other U. S. Government employees. Critical comparisons, often exaggerated, would eventually be reported in the press thereby detracting from the "Image" of responsible management which the CIA wishes to project. Similarly the Agency "Image" would suffer if cases of "conflict of interest" should occur, or if the Agency should permit employees to utilize official secrecy as a screen or device to gain special privileges or as a means of evading obligations such as the payment of State and Federal income taxes.

8. The "Image" of CIA as a responsible fiscal manager might be enhanced if all officers and employees of the Agency who make arrangements with, or negotiate contracts or agreements, especially informal agreements, with other U. S. Government Agencies, private contractors, and others rendering service to CIA, were urged to make a special effort to convince such persons that CIA's resources are not unlimited and that the CIA expected in all cases and under all circumstances to get a dollars worth of service for every dollar expended.

[Redacted Signature]

✓ R. H. FUCHS
Director of Finance

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